

March 3, 2016

Statement by Paul Filson, Director of Service Employees International Union (SEIU) Connecticut State Council in favor of H.B. No. 5370 AN ACT INCREASING THE MINIMUM FAIR WAGE before the Labor and Public Employees Committee.



CONNECTICUT
STATE COUNCIL

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Good Afternoon, Co-Chairs, Senator Ed Gomes, Representative Tercyak and distinguished members of the Labor and Public Employees Committee. My name is Paul Filson and I am Director of the Service Employees International Union (SEIU) Connecticut State Council. SEIU is Connecticut's largest union with over 60,000 members. I am pleased to be here today to testify in favor of **H.B. 5370** which would raise the minimum wage to \$15 per hour, in increments, by the year 2022.

When the national minimum wage was established in 1938 it was set as one of the corner stones of protection against the exploitation of workers. Its stated purpose was to set a *"minimum standard of living necessary for health, efficiency and general well-being, without substantially curtailing employment."* Wages until this point had been left as a matter of supply and demand. When jobs were plentiful and workers were not, wages would reflect that labor shortage and would tend to increase. However, during the Great Depression there were many more workers than jobs and many unscrupulous employers would hire desperate workers for pennies an hour. The minimum wage was meant to provide an honest day's pay for an honest day's work.

Since 1938 the minimum wage has increased, but has not kept up with either inflation or growth in productivity, particularly since the 1970s. The stagnation in the value of the minimum wage has meant that the current national minimum wage of \$7.25 per hour and Connecticut's minimum wage of \$9.60 per hour no longer provide a wage that can provide even an acceptable minimum standard of living for workers. To enable workers on the minimum wage to survive, the government must now subsidize wages to allow workers to purchase food, pay their rent, heat their homes and pay for health insurance. Nationally, since the 1980s, and recently in Connecticut, tax dollars are allocated directly to minimum wage workers in the form of earned income tax credits that effectively amount to a wage subsidy. An honest day's work no longer requires an employer to pay an honest day's wage.

Raising the minimum wage to \$15 per hour in yearly steps will insure that the wage increases will not "substantially curtail employment." Employers will be able to adjust their prices, to avoid layoffs, just as they have each and every time the minimum wage has been raised in the past. There are no credible studies that show minimum wage increases by states or cities have resulted in

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substantial job loss. In fact, each dollar the minimum wage increases in Connecticut will produce a substantial injection of capital into the consumer market. Each year Connecticut's over 100,000 minimum wage workers will inject nearly \$200,000,000 into the economy, by spending their newly earned raises. By 2022 that number will be over \$1 billion per year.

The current minimum wage is unfair for several reasons. The minimum wage is not a training wage. The large majority of workers earning the minimum wage are not teenagers. In fact, only 7% of low wage jobs are held by teenagers. In fast food 70% of the jobs are held by workers over 20 years old and 25% have at least one child they are supporting. Minimum wage and all low wage jobs, are mostly held by women because the low wage industries, particularly retail and other service jobs, have decided to devalue the work. Other low skill jobs that are dominated by men tend to have much higher wages.

Minimum wage jobs have notoriously irregular hours. Even if it were physically possible to hold down two full time minimum wage jobs seven days a week the irregular scheduling by low wage employers makes it impossible. Many low wage employers maintain a flexible labor pool by allotting only 15 or 25 hours per week per employee. Hours are posted with only a few day's notice making it impossible to schedule another job or even attend classes at a community college. It has been established that higher wage employers have a more productive and dedicated workforce resulting in far greater productivity. The Labor Committee is hearing **HB 5371** which establishes a minimum work week of 30 hours for the building services industry, an industry that systematically denies workers a decent number of hours mostly to avoid paying for any health care benefits. SEIU supports **HB 5371**.

Tax payers should not be forced to subsidize highly profitable low wage industries. Management of \$billion corporations in retail and food service receive salaries over 1000 times the wages earned by their front line workers. Not only is this unfair it is unconscionable. The public pays twice – first at the cash register and second when they pay their taxes.

I am attaching Senator Moore's Op-Ed recently published in the Hartford Courant. Last summer she walked a month in the shoes of a low wage worker at a huge retailer in her district. SEIU agrees with Senator Moore. Raising the minimum wage to \$10.10 an hour was a nice first step, but if Connecticut is going to help bring dignity to all work then it should raise the minimum wage to \$15 per hour and then make sure that low wage workers continue to receive regular raises after that. There is a lot of talk about Connecticut being an unfriendly place to do business. From my perspective I do not believe that is true. It is absolutely true however, that for low wage workers Connecticut is worker unfriendly. Connecticut should pave the way so that business friendly and worker friendly can walk hand in hand to create a better economy for all.

Legislator Feels The Grind Of A Low-Wage Job

During my first year as a state senator, I championed a bill requiring large, for-profit corporations to pay a fee to the state for every low-wage job they offered. Dozens of workers testified that they just could not make it on wages of \$9, \$10 or \$11 per hour. They told heartbreaking stories of deciding whether to pay for food or medicine or rent or heat. We all hear the stories, but I decided if I am going to propose legislation, then I need to talk with authority and knowledge.

So, last summer, I became a seasonal retail store employee in one of my district's large stores. It was eye-opening. They asked how many hours I would be willing to work and I said a minimum of 20 hours a week would suffice. That question had no connection to how many hours I would get. My pay was \$9.50 an hour, despite my efforts to negotiate for more because I had sales experience.

At the orientation, trainees got information about being an effective team member, company policies and the importance of not working more than 39 hours a week. They seemed deathly afraid of paying anyone overtime (a laughable \$14.25 an hour in my case).

The following week, I worked eight hours, less than half of what a typical part-time employee needs to survive and much less than I expected. I talked with other new employees and realized that none of us received the hours we sought. At this rate, I would need two more jobs to pay bills.

It became obvious that additional hours were not available. This was an issue for most of us, especially for workers who depended on getting enough hours to pay the monthly rent, to buy school clothes for their children or just to keep the lights on. Much of my work consisted of maintaining the appearance of 15 store aisles, answering questions for customers and occasionally hopping on the cash register when lines became long.

I spent hours bending down to stock shelves, reaching to place products on high and standing to ring out customers, and all for only \$9.50 an hour. I arrived home exhausted with aching feet and heavy eyes. I was constantly complimented

by my much younger supervisors for doing a "great job" and being a "team player." But my hard work was not reflected in my paycheck. After two weeks, I brought home \$128.50, a total of \$257 for the month.

I could not imagine having to take on additional jobs and being subjected to either the same amount of exhaustion or more for such low pay. This, however, is the reality for many low-wage earners. For a single mother with two children, a retail job like the one I had cannot be her only source of income. She would have to leave one shift to start at yet another minimum-wage job, getting home when her children were asleep. Then there is a family of four, where both parents work minimum-wage jobs but have to alternate between morning and evening shifts to ensure that at least one parent is home when the children arrive from school. The stress on families must be tremendous.

The United Way estimates that a four-person family in Connecticut needs a minimum household income of \$64,689 to survive. This translates to an hourly wage of \$32.34, 40 hours per week, 50 weeks per year, or two full-time \$16-an-hour jobs. Connecticut's minimum wage is now only \$9.60, and finding at least 40 hours per week is almost impossible for low-wage employees. I was never offered enough hours or any sort of regularity so I could find another job.

A survival budget that allows a family to get by does not cover unexpected car repairs, Christmas gifts for the kids, a trip to the movies or the celebration of an anniversary over dinner. Low-wage workers are humans, too.

The consequences of earning such low wages impact both the employee and the community. Earning minimum wage makes it hard to afford quality child care, decent housing, food, transportation and education.

The work of minimum-wage employees has value and they should be adequately compensated. I applaud Gov. Dannel P. Malloy for recognizing a need to raise the minimum wage and I am looking forward to 2017 when the minimum wage will rise to \$10.10. Even that, however, will not be enough to support a family.

Marilyn Moore is a state senator from Bridgeport.